in the Indonesian surrogate value for factory overhead.

The petitioner urges the Department not to eliminate indirect labor and energy, and instead use a surrogate valuation based on a percentage of direct materials, all labor and energy costs. In any event, the petitioner states that the Department should not ignore the respondent's energy costs.

DOC Position

We agree with the respondents. Based on the Department's surrogate value methodology, Indonesia is our preferred surrogate, and since the factory overhead percentage for Indonesia includes the above-mentioned items, we have not separately valued those items in our calculations for the final determination.

Comment 17: Salt

The respondents state that the Department verified that salt, not the originally reported factor, was used by two of the factories. To value this factor, the respondents suggest using either the Indonesian price, if available, or the U.S. price. Alternatively, the respondents state that the Department should consider disregarding the cost of salt altogether because it was not used in the production process. They point to the verification report for one of the factories, wherein salt was referred to as ''a low cost consumable'' used for equipment maintenance.

The petitioner argues that the Department's calculations of surrogate values in the preliminary determination were correct and should not be changed.

DOC Position

We agree with both parties, in part. For the factory that treats salt as a ''low cost consumable,'' we have treated these costs as part of factory overhead and have not valued them separately as a factor of production. For the other factory, there is no evidence concerning how salt was used in the production process or what kind of salt was used. Therefore, we have treated salt as a factor of production, and have continued to use the surrogate value that was used in the preliminary determination.

Comment 18: Sulfuric Acid

The respondents state that the surrogate value used for sulfuric acid in the preliminary determination is either erroneous or aberrational and should be corrected. They state that a more realistic value for sulfuric acid has been established in the *Pencils* investigation, where an Indian price was used.

The petitioner contends that the Department should follow the surrogate country hierarchy established in this case.

DOC Position

We agree with both parties, in part. We agree with the petitioner that the Department should use the established hierarchy. Based on our analysis, we also agree with the respondents that a more accurate value should be used. Because furfuryl alcohol is not produced in India, we based our calculations on the export values derived from the November 1993 Indonesian *Foreign Trade Statistical Bulletin— Exports*. Because this was a contemporaneous value, no adjustment for inflation was needed (*see* calculation memorandum attached to the concurrence memorandum, dated May 1, 1995).

Comment 19: Valuation of Ammonia Water

The respondents state that the surrogate value used for ammonia water in the preliminary determination was aberrational and should be corrected. The respondent cites to the Department's publication of an ''Index of Factor Values for Use in Antidumping Duty Investigations Involving Products from the People's Republic of China'' which lists a price for ammonia water in another approved surrogate, India.

The petitioner alleges that the respondents misuse the terms ''erroneous'' and ''aberrational'' and completely disregard the Department's factor valuation hierarchy. The petitioner urges the Department not to change its surrogate value for this factor.

DOC Position

We agree with the respondents in part. Based on our analysis, we determined that the surrogate value used in the preliminary determination was inappropriate. (For the details of our analysis of this value, *see* the calculation memorandum attached to the concurrence memorandum, dated May 1, 1995.) Since the Indonesian import value for ammonia water was found to be inappropriate, we based our calculations on the export values derived from the November 1993 Indonesian *Foreign Trade Statistical Bulletin—Exports*. Because this was a contemporaneous value, no adjustment for inflation was needed.

Continuation of Suspension of Liquidation

In accordance with sections 733(d)(1) and 735(c)(4)(B) of the Act, we are directing the Customs Service to continue to suspend liquidation of all entries of furfuryl alcohol from the PRC, that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**. The Customs Service shall require a cash deposit or posting of a bond equal to the estimated amount by which the FMV exceeds the USP as shown below. These suspension of liquidation instructions will remain in effect until further notice.

The weighted-average dumping margins are as follows:

Manufacturer/producer/exporter	Weighted-Average Margin Percentage
Sinochem Shandong	43.54
Qingdao	50.43
China-Wide	45.27

ITC Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (ITC) of our determination. As our final determination is affirmative, the ITC will determine whether these imports are causing material injury, or threat of material injury, to the industry in the United States, within 45 days. If the ITC determines that material injury, or threat of material injury, does not exist, the proceeding will be terminated and all securities posted will be refunded or cancelled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing Customs officials to assess antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

This determination is published pursuant to section 735(d) of the Act and 19 CFR 353.20(a)(4).

Dated: May 1, 1995.

Susan G. Esserman,

Assistant Secretary for Import Administration.

[FR Doc. 95–11262 Filed 5–5–95; 8:45 am]

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[A–791–802]

Final Determination of Sales at Less Than Fair Value: Furfuryl Alcohol From South Africa

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: May 8, 1995.

FOR FURTHER INFORMATION CONTACT: John Brinkmann or Donna Berg, Office of Antidumping Investigations, Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone (202) 482–5288 or 482–0114, respectively.

Final Determination

We determine that furfuryl alcohol from South Africa is being sold in the United States at less than fair value (LTFV), as provided in section 735 of the Tariff Act of 1930, as amended (''the Act''). The estimated margins are shown in the ''Suspension of Liquidation'' section of this notice.

Case History

Since the preliminary determination of sales at LTFV on December 9, 1994, (59 FR 65012, December 16, 1994), the following events have occurred:

On January 25, 1995, ISL submitted its response to Section D of the Department's questionnaire which requests information on the COP and constructed value (CV). The Department issued a supplemental cost questionnaire on January 30, 1995. ISL submitted its response to this supplemental questionnaire on February 8, 1995. QO Chemicals, Inc. (the petitioner) submitted comments concerning the respondent's Section D responses on February 14, 1995.

On January 17, 1995, the respondent submitted relevant audited financial statements for 1994. On January 20, 1995, ISL and Harborchem submitted revisions to its U.S. sales data.

The Department issued its verification outline to the respondent on January 24, 1995. Verifications of the respondent's sales and cost questionnaire responses were conducted during the months of January, February, and March 1995. The Department issued reports concerning these verifications in March 1995.

The respondent and the petitioner submitted case briefs on March 30, 1994, and rebuttal briefs on April 4, 1995. At the request of both the respondent and the petitioner, we held a public hearing on April 6, 1995.

Scope of Investigation

The product covered by this investigation is furfuryl alcohol ($C_4H_3OCH_2OH$). Furfuryl alcohol is a primary alcohol, and is colorless or pale yellow in appearance. It is used in the manufacture of resins and as a wetting agent and solvent for coating resins, nitrocellulose, cellulose acetate, and other soluble dyes.

The product subject to this investigation is classifiable under subheading 2932.13.00 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheading is provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

Period of Investigation

The period of investigation (POI) is December 1, 1993, through May 31, 1994.

Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute and to the Department's regulations are in reference to the provisions as they existed on December 31, 1994.

Such or Similar Comparisons

For purposes of the final determination, we have determined that furfuryl alcohol constitutes a single ''such or similar'' category of merchandise. Further, because the respondent had sales in the home market of merchandise identical to that sold to the United States, similar comparisons were not necessary.

Fair Value Comparisons

To determine whether sales of furfuryl alcohol from South Africa to the United States were made at less than fair value, we compared the United States price (USP) to the foreign market value (FMV), as specified in the ''United States Price'' and ''Foreign Market Value'' sections of this notice. In accordance with 19 CFR 353.58, we made comparisons at the same level of trade, where possible.

United States Price

We have found that ISL and its exclusive selling agent, Harborchem, are related parties pursuant to section 771(13)(A) of the Act (*see* Comment 1 and the concurrence memorandum, dated May 1, 1995, on file in Room B–099 of the Main Commerce Department building), and that all of ISL's U.S. sales to the first unrelated purchaser took place after importation into the United States. Therefore, we based USP on exporter's sales price (ESP), in accordance with section 772(c) of the Act.

We calculated ESP based on FOB U.S. storage facility or delivered prices to unrelated customers in the United States. We made deductions, where appropriate, for the following movement charges in accordance with section 772(e) of the Act: foreign loading on ship, foreign inland freight, ocean freight, marine insurance, tank car rental, U.S. inland freight, U.S. inland insurance, U.S. brokerage and handling, and U.S. duty. We also made deductions, where appropriate, for credit expenses, indirect selling expenses incurred in South Africa, and indirect selling expenses incurred in the United States, including quality control testing, inventory carrying expenses, warehousing expenses, and U.S. storage insurance. We also increased U.S. price, as appropriate, to account for additional freight revenue (*see* Comment 8).

In accordance with our standard practice, and pursuant to the decision of the U.S. Court of International Trade in *Federal-Mogul Corp.* v. *United States*, 834 F. Supp. 1391 (CIT 1993), our calculations include an adjustment to U.S. price for the consumption tax levied on comparison sales in South Africa. *See Preliminary Antidumping Duty Determination: Color Negative Photographic Paper and Chemical Components from Japan*, 59 FR 16177, 16179 (April 6, 1994), for an explanation of this methodology.

Cost of Production

As indicated in the preliminary determination, the Department initiated an investigation of sales below the COP in the home market on December 9, 1994. In order to determine whether home market sales prices were below COP within the meaning of section 773(b) of the Act, we calculated COP based on the sum of the respondent's cost of materials, fabrication, general, and packing expenses, in accordance with 19 CFR 353.51(c). We made the following adjustments to respondent's reported COP data:

1. We recalculated the cost of furfuryl, the primary material input into FA, used in the production of furfuryl alcohol during the POI based on ISL's normal first-in first out inventory valuation method;

2. We removed selling, general and administrative costs from the cost of sales figure used in the denominator of the submitted general and administrative rate calculation;

3. We increased ISL's reported furfuryl steam overhead expenses by the amount actual steam costs exceeded budgeted costs; and

4. We disallowed ISL's reduction of furfuryl production costs for a certain proprietary item.

After computing COP, we added the sales-specific VAT to the COP figure. We compared product-specific COP to reported prices that were net of movement charges, direct and indirect selling expenses, and inclusive of VAT. In accordance with section 773(b) of the

Act, we followed our standard methodology to determine whether the home market sales of each product were made at prices below their COP in substantial quantities over an extended period of time, and whether such sales were made at prices that would permit recovery of all costs within a reasonable period of time in the normal course of trade.

To satisfy the requirement of section 773(b)(1) that below-cost sales be disregarded only if made in substantial quantities, we apply the following methodology. Where we find that over 90 percent of a respondent's sales were at prices above the COP, we do not disregard any below-cost sales because we determine that a respondent's below-cost sales are not made in substantial quantities. If between ten and 90 percent of a respondent's sales were at prices above the COP, we disregard only the below-cost sales if made over an extended period of time. Where we find that more than 90 percent of a respondent's sales were at prices below the COP and were sold over an extended period of time, we disregard all sales and calculate FMV based on CV, in accordance with section 773(b) of the Act.

In accordance with section 773(b)(1) of the Act, in order to determine whether below-cost sales had been made over an extended period of time, we compare the number of months in which below-cost sales occurred to the number of months in the POI in which the product was sold. If a product is sold in three or more months of the POI, we do not exclude below-cost sales unless there are below-cost sales in at least three months during the POI. When we find that sales occur in one or two months, the number of months in which the sales occur constitutes the extended period of time; *i.e.*, where sales are made in only two months, the extended period of time is two months, where sales are made in only one month, the extended period of time is one month. (*See Final Determination of Sales at Less Than Fair Value: Certain Carbon Steel Butt-Weld Pipe Fittings from the United Kingdom* (60 FR 10558, 10560, February 27, 1995)).

In this case, we found that none of the respondent's sales of furfuryl alcohol were at prices below the COP. As a result, we did not need to test whether below-cost sales had been made over an extended period of time. Therefore, we included all home market sales in calculating a weighted-average FMV.

Foreign Market Value

As stated in the preliminary determination, we found that the home market was viable for sales of FA, in accordance with 19 CFR 353.48(a).

We calculated FMV based on FOB storage facility or delivered prices to unrelated customers. We treated both pre-sale home market movement expenses and pre-sale home market warehousing expenses as indirect expenses because these expenses could not be tied directly to specific sales. We also treated ISL's home market rebate as an indirect, rather than direct, expense because ISL did not adequately tie the rebate to specific home market sales (*see* Comment 4). We deducted these indirect selling expenses along with inventory carrying costs, capped by the sum of U.S. indirect selling expenses, in accordance with 19 CFR 353.56(b)(1) and (2).

FMV was reduced by home market packing costs and increased by U.S. packing costs in accordance with section 773(a)(1) of the Act. We deducted post-sale home market inland freight from FMV under the circumstance-of-sale provision of 19 CFR 353.56(a). The Department also made other circumstance-of-sale adjustments for home market direct selling expenses, which included imputed credit expenses, as recalculated by the Department, in accordance with 19 CFR 353.56(a)(2). The Department recalculated home market credit expenses based on gross prices exclusive of imputed valued added tax expenses.

We adjusted for the consumption tax in accordance with our practice (*see* ''United States Price'' section of this notice).

No deduction was made for the claimed quantity discount because ISL failed to place adequate information on the record to demonstrate that the discount met the criteria for quantity discounts set forth in 19 CFR 353.55(b) (*see* Comment 5). We did not exclude home market sales of furfuryl alcohol packed in drums from the base of home market sales used for comparison to U.S. sales, as requested by ISL, because ISL did not demonstrate that these sales were outside the ordinary course of trade (*see* Comment 7).

Currency Conversion

We have made currency conversions based on the official exchange rates, as certified by the Federal Reserve Bank of New York, in effect on the dates of the U.S. sales, pursuant to 19 CFR 353.60.

Verification

As provided in section 776(b) of the Act, we verified the information used in making our final determination.

Interested Party Comments

Comment 1: Purchase Price versus Exporter's Sales Price

In the preliminary determination, the Department relied on ESP methodology to calculate USP because we found that Harborchem was ISL's agent and thus, a related party within the meaning of section 771(13)(A) of the Act.

The petitioner argues that the Department should revise its methodology and base USP on purchase price because Harborchem failed to meet the criteria for an agent under either the law of agency or the Department's four-part test.

ISL asserts that reliance on ESP is appropriate in the final determination, maintaining that the information on the record, which the Department verified, confirms that ISL and Harborchem are related parties.

DOC Position

We agree with the respondent. Based on the findings at verification, the Department has determined that ISL and its exclusive U.S. selling agent, Harborchem, constitute the ''exporter'' pursuant to section 771(13)(A) of the Act (*see* concurrence memorandum, dated May 1, 1995), and that all of ISL's U.S. sales to the first unrelated purchaser took place after importation into the United States. Therefore, it is appropriate to base USP on exporter's sales prices, in accordance with section 772(c) of the Act.

In evaluating related party claims based on agency, the Department examines: (1) Whether the foreign manufacturer participates in the marketing of the product to the U.S. customers; (2) whether the foreign manufacturer participates in setting prices and in the negotiation of other terms of sales to U.S. customers; (3) whether U.S. customers look to the U.S. importer or the foreign manufacturer for product testing and quality control; and (4) whether the foreign manufacturer interacts directly with U.S. customers. *See Electrolytic Manganese Dioxide from Japan: Final Results of Antidumping Duty Administrative Review*, 58 FR 28551, 28555 (May 14, 1993), and *Final Determination of Sales at Not Less Than Fair Value: Certain Forged Steel Crankshafts from Japan*, 52 FR 36984, 36985 (October 2, 1987) (*Crankshafts*).

During verification, we were able to confirm that ISL and Harborchem view their relationship as one of principal and agent and communicate continually on matters related to U.S customer marketing and sales of furfuryl alcohol. Based on our examination of

correspondence files and interviews with company personnel we also determined that ISL: (1) Participates directly with Harborchem in marketing furfuryl alcohol to U.S. customers; (2) participates directly in pricing and sales negotiations with U.S. customers; (3) interacts directly, as well as through Harborchem, with U.S. customers on product testing and quality control matters; and (4) interacts with U.S. customers directly.

Therefore, because Harborchem meets the criteria established in *Crankshafts*, we determine that Harborchem is ISL's agent for sales made in the U.S. during the POI.

Comment 2: Related Party ''Commission'' Paid to Harborchem

Should the Department employ its ESP methodology in the final determination, the petitioner urges the Department to adjust USP to reflect the commission received by Harborchem. The adjustment is necessary, argues the petitioner, because the Department's practice is to deduct commissions paid to related parties from USP under the ESP methodology. Specifically, section 772(e)(1) of the Act provides that the exporter's sales price shall be reduced by the amount of ''commission for selling in the United States the particular merchandise under consideration.'' *See also* 19 CFR 353.41(e)(1).

ISL maintains that its compensation arrangement with Harborchem does not fit the traditional definition of commission for antidumping calculations, and, as such, an adjustment to USP is not appropriate.

DOC Position

We disagree with the petitioner. The petitioner's characterization of Departmental practice is misleading. Under the ESP methodology, the foreign exporter and its related importer are effectively treated as one unit. Thus, any compensation paid by ISL to its agent Harborchem, whether or not specifically called a commission, is considered a related party transfer and ignored for the purposes of the margin calculation. Instead, the Department deducts the amount of the related importer's (*i.e.*, Harborchem's) U.S. indirect and direct selling expenses pursuant to section 772(e)(2) of the Act. This methodology avoids double-counting the same expenses (*i.e.*, the commission which includes an amount for the related importer's selling expenses, and indirect selling expenses) and avoids deducting any profit of the related importer as established in *Timken Co.* v. *United States*, 630 F. Supp. 1327, 1343 (CIT 1986) (*Timken*).

These practices are fully described in the notice of the *Final Determination of Sales at Less Than Fair Value: Fresh Cut Roses from Colombia and Ecuador* 60 FR 7019, 7028 (February 6, 1995) (*Roses*), and are consistent with the Department's past practice on this issue (*see e.g., Antifriction Bearings (Other than Tapered Roller Bearings) and Parts Thereof*, 56 FR 39729 (July 26, 1993); *LMI—La Metalli Industriale, S.p.A.* v. *United States*, 912 F.2d 455, 459 (Fed. Cir. 1990); *Certain Fresh Cut Flowers from Colombia; Final Results of Administrative Review*, 55 FR 20491 (May 17, 1990); and *Porcelain-on-Steel Cooking Ware from Mexico*, 51 FR 36438 (October 10, 1986)).

Comment 3: Misreported Ocean Freight, Marine Insurance, and U.S. Duty

The petitioner contends that the respondent vastly underreported its ocean freight and marine insurance costs to the Department. It alleges that the underreporting is discernible from the official U.S. Customs entry documents for ISL's U.S. shipments, which indicate a difference between the CIF and FOB values greater than ISL's reported freight and insurance costs. Furthermore, contends the petitioner, this underreporting is also discernible from the responses which indicate that ISL reported the ocean freight and insurance charges for only one of the shipments corresponding to U.S. sales of furfuryl alcohol during the POI. Based on these contentions, the petitioner argues that the Department should reject the respondent's information and apply the amount deduced from the official Customs documents for ocean freight and marine insurance costs as the best information available.

According to the respondent, the Department should rely on the actual ocean freight, marine insurance, and U.S. duty charges as verified, not unverified estimates deduced from customs forms. The respondent argues that if the Department believes an adjustment is necessary, it should revise the amount of U.S. duty applicable to U.S. sales during the POI. ISL suggests that the adjustment to U.S. duty should equal the amount which would have been paid had the deductions to calculate FOB price been correctly calculated and applied in the customs entry documents.

DOC Position

Consistent with our treatment of minor changes to submitted data, the Department has used verified data for ocean freight and marine insurance (*see Roses*, 60 FR at 7035; and *Final Determination of Sales at Less Than Fair Value: New Minivans from Japan*, 57 FR 21937, 21952 (May 26, 1992)). Inasmuch as the Department has the necessary information to determine the actual ocean freight and insurance charges applicable to U.S. sales during the POI, it is appropriate to apply this information to the final margin calculations.

With respect to U.S. duty, we determined that it was appropriate to recalculate the amount applicable to the respondent's U.S. sales during the POI. This recalculation was necessary because we verified that the entry documents for the respondent's U.S. shipments incorrectly reflected the FOB value which was used to calculate U.S. duty and therefore, the actual duty paid by ISL was understated.

Comment 4: Home Market Rebate

ISL claims the rebates granted to one customer during the POI are related to POI sales and thus should be taken into account in the Department's final margin calculations. ISL reports that it granted rebates to a home market customer that manufactures and exports resins using furfuryl alcohol purchased from ISL. According to ISL, this rebate was granted based on the customer's providing documentation concerning the actual amount of furfuryl alcohol used in the resins exported from South Africa.

The petitioner alleges that ISL's claimed rebate should be rejected because there is no information on the record that ties ISL's rebate to specific sales in the POI.

DOC Position

We agree with the petitioner that ISL was unable to demonstrate that the reported rebates were directly linked to POI sales. However, it is the Department's practice in such instances to reclassify the adjustment as an indirect selling expense (*see e.g., Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, From Japan: Final Results of Antidumping Duty Administrative Review*, 57 FR 4976, 4982–83 (February 11, 1992)). Accordingly, we have treated ISL's home market rebate as an indirect expense in the calculations for the final determination.

Comment 5: Home Market Quantity Discount

The respondent contends that it has met the criterion established by section 353.55(b)(1) of the Department's

regulations to qualify for a quantity discount adjustment insofar as the quantity discount was granted to one home market customer that accounts for over 20 percent of home market sales of the same magnitude during the POI. ISL submits that no other home market customer receives the discount because no other home market customer regularly places orders of the same size as the customer in question.

According to the petitioner, the respondent's claim is defective because the quantity discount at issue was available to only one customer and not, as the Department requires, to any prospective purchasers. Furthermore, the petitioner argues that ISL failed to establish the necessary linkage between the discount in question and the volume of individual sales, as required by 19 CFR 353.55(b)(1). For these reasons, the petitioner argues that the Department should reject this claimed adjustment.

DOC Position

We agree with the petitioner. The Department requires that (1) quantity discounts are available to any prospective purchaser; (2) and that the discount is based on the quantity of the sale in question. This policy was articulated in *Circular Welded Non-Alloy Steel Pipe from Mexico: Final Determination*, 57 FR 42953, 42955, (September 17, 1992) and *Color Television Receivers from the Republic of Korea*, 55 FR 26225 (June 27, 1990). ISL was unable to establish that the discount was available to any prospective home market customer. ISL also was unable to sufficiently support its claim that the discount is linked to the volume of individual sales. Therefore, we have determined, pursuant to section 353.55(b) of the Department's regulations, that the information on the record does not justify granting ISL's claimed adjustment for quantity discounts.

Comment 6: Home Market Export Incentive Payments

ISL reports that it receives export incentive payments from the South African government for all of its exports of FA. ISL argues that the amount earned from the subsidy payments during the POI should be added to the gross unit price of each U.S. sale for the purpose of calculating dumping margins.

The petitioner argues that the Department abandoned its former practice of making circumstance of sale adjustments to account for payments from export programs. The Department's current practice is to make no adjustments to either FMV or to USP for payments received pursuant to export subsidy programs. Moreover, the petitioner contends that the Department has concluded that it does not have the statutory authority to adjust USP for the payments received from an export subsidy program. *See Oil Country Tubular Goods from Israel: Final Determination of Sales At Less Than Fair Value*, 52 FR 1511 (January 14, 1987) (*OCTG*).

DOC Position

We agree with the petitioner and reject the respondent's request for this adjustment to USP. Section 772(d)(1) of the Act permits the Department to increase U.S. price for purposes of fair value comparisons only under four specific circumstances: by the amount of the packing, if not included in the U.S. price; by the amount of import duties imposed and rebated upon export; by the amount of any taxes imposed on the merchandise that are rebated upon export; and by the amount of countervailing duties levied to offset an export subsidy. The Department does not make adjustments to the USP for export subsidy payments because payments of this type are not enumerated within section 772(d)(1) of the Act (*see OCTG*, 52 FR 1513).

There is no CVD investigation or order on the subject merchandise, thus, as required by section 772(d)(1)(D), we cannot adjust USP for an export subsidy.

Comment 7: Exclusion of Sales of Furfuryl Alcohol in Drums

ISL requests that the Department exclude its home market sales of furfuryl alcohol in drums in the pool of home market sales used for comparison to U.S. sales. ISL argues that exclusion of the drummed furfuryl alcohol sales is appropriate because they are not representative of home market sales in terms of price and quantity and because of the small amount of total sales involved.

The petitioner argues that the Department should uphold its decision in the preliminary determination to reject ISL's request. The petitioner maintains that there are two primary reasons for rejecting ISL's request. First, the petitioner argues that furfuryl alcohol is physically identical, whether sold on a drummed or semi-bulk basis. And second, the petitioner contends that ISL's sales listing indicates the drummed sales are comparable to ISL's bulk transactions.

DOC Position

We agree with the petitioner. There is no physical difference between furfuryl alcohol that is sold in drums and that sold on a semi-bulk basis. Furthermore, the quantities of these drum sales are comparable to many of ISL's sales on a semi-bulk basis. Accordingly, the Department has included these sales in the pool of home market sales used for comparison to U.S. sales.

Comment 8: U.S. Freight Charges

The respondent requests that the Department include the adjustment for U.S. freight cost reimbursement claimed by Harborchem. Although the Department disallowed the adjustment in the preliminary determination based on the lack of adequate information, ISL indicates that the Department specifically reviewed data on customer reimbursement of these freight expenses at verification. Inasmuch as the reported data verified, ISL requests that the Department include an adjustment to USP in the final margin calculations.

DOC Position

We agree with the respondent. The Department fully verified the respondent's information concerning the freight cost reimbursement. Accordingly, this information was included in the calculation of USP for the final determination.

Comment 9: Untimely Data

The petitioner alleges that ISL submitted new factual information in Exhibit 1 of its case brief concerning the COPs for furfuryl and FA. According to the petitioner, the Department should strike this information from the record.

DOC Position

We disagree with the petitioner. Careful examination of this information revealed Exhibit 1 to be a reconfiguration of information already on the record in this investigation. The majority of information contained in Exhibit 1 was submitted by ISL in its original and supplemental response to Section D of the questionnaire. Other data was derived from exhibits to the cost verification (*see* cost verification exhibits 4 and 13). Accordingly, this information is not *new* factual information, and the Department has allowed this information to remain on the record of this investigation.

Comment 10: Rescinding the COP Investigation

The respondent contends that the information on the record does not support the Department's finding that there are reasonable grounds to believe or suspect that sales below COP have been made. Rather, ISL argues that the information used to support the COP

investigation should properly be viewed as amounting to statistical aberrations in the data reported. Therefore, ISL requests that the Department rescind the COP investigation in this case.

According to the petitioner, the Department properly initiated the COP investigation after it conducted a thorough examination of the petitioner's allegation. Based on this examination, the Department determined that there were reasonable grounds to believe or suspect that sales were made at prices which were less than ISL's COP. Accordingly, the petitioner argues that ISL's request should be rejected.

DOC Position

We agree with the petitioner that the COP investigation should not be rescinded. Based on our analysis of the petitioner's COP allegations at the time they were made, we determined, in accordance with section 773(b) of the Act, that there was a reasonable basis to believe or suspect that home market sales of ISL were made at less than the COP. (For a description of the Department's analysis, *see* concurrence memorandum, dated December 9, 1994). As a result, initiation of the COP investigation was appropriate.

Comment 11: Use of Best Information Available (BIA)

The petitioner asserts that ISL has purposely impeded this investigation by failing to provide all of the costs for furfuryl used in furfuryl alcohol production during the POI. The petitioner contends that the Department has repeatedly asked ISL to submit actual cost data for all of the furfuryl used to produce furfuryl alcohol during the POI. In response to these requests, however, the petitioner maintains that ISL submitted two flawed furfuryl costing methodologies. Accordingly, pursuant to section 776(c) of the Act, the petitioner urges the Department to use noncooperative BIA to determine ISL's antidumping duty margin.

According to ISL, the petitioner's claim that ISL has significantly impeded the investigation by failing to provide sufficient furfuryl cost information is totally without merit. ISL maintains that it has complied with all of the Department's requests regarding the actual cost of furfuryl consumed during the POI. ISL submitted furfuryl cost data covering an eighteen-month period, including the six months of the POI. Moreover, ISL notes that it has submitted furfuryl costs using three different methodologies.

DOC Position

We have not found that ISL has impeded this investigation. Rather, ISL has cooperated in every aspect of this investigation. Therefore, we have determined that it is appropriate to use ISL's information in our margin calculation.

Comment 12: Furfuryl Costs

The petitioner argues that all three of ISL's submitted furfuryl costing methodologies fail to accurately reflect the cost of furfuryl used in production during the POI. The petitioner therefore contends that the Department should reject these methodologies and resort to BIA as the basis for computing ISL's antidumping margin.

ISL maintains that each of the methodologies used in the questionnaire responses to calculate furfuryl production costs are reasonable and should be accepted by the Department. However, ISL contends that its fiscal year furfuryl cost calculation is most appropriate because it represents all costs normally incurred during a full seasonal cycle.

DOC Position

We agree with the petitioner that none of the three methodologies ISL has proposed properly values the cost of furfuryl consumed in the furfuryl alcohol process during the POI. ISL's first methodology included the cost of furfuryl produced after the POI, June through September 1994. ISL's second methodology reflected furfuryl production costs for only part of the furfuryl consumed during the POI. Lastly, the furfuryl costs computed by the company under the third methodology were based on a weighted-average cost rather than on ISL's normal first-in first-out (FIFO) inventory valuation method. However, the information on the record is sufficient to allow the Department to recalculate the furfuryl cost.

We have recalculated the cost of furfuryl used to produce furfuryl alcohol during the POI based on ISL's normal FIFO inventory valuation method. The Department normally follows the respondent's inventory valuation method unless it fails to reasonably reflect the costs associated with producing the merchandise. There is no information on the record to indicate that ISL's FIFO method distorts per-unit furfuryl costs.

Comment 13: Accounting Adjustment

The petitioner argues that ISL's submission methodology for a particular proprietary adjustment distorts the COP. The respondent argues that its submission methodology provides a reasonable basis for the calculation of the effect of this item on the COP.

DOC Position

Because of the business proprietary nature of this item, we have addressed the parties comments and analyzed the issue in detail in the proprietary concurrence memorandum dated May 1, 1995. But, our determination was not to allow respondent's submitted methodology but rather to rely on respondent's normal accounting practice with respect to this adjustment.

Comment 14: Bagasse

The petitioner asserts that ISL failed to properly account for the value of its bagasse used to produce furfuryl and that the value should be included in ISL's COP. The petitioner notes that during the POI, ISL sold bagasse generated from one of its sugar mills to an unrelated paper producer located near the mill. It argues that the Department should utilize this sales value in assigning a cost to bagasse consumed during the POI.

The respondent maintains that its submission methodology of assigning no cost to bagasse usage is reasonable and consistent with its financial and cost accounting systems. The respondent contends that its methodology considers the value of bagasse based on its energy content. Additionally, respondent argues that there is no market for bagasse from its Sezela mill where the company produced the subject merchandise. Furthermore, respondent notes that the sale of bagasse from one of ISL's other mills was possible only because of the close proximity of this mill to the purchaser's manufacturing plant.

DOC Position

ISL's furfuryl and furfuryl alcohol plant is located adjacent to its sugar cane processing plant. Bagasse is generated from the processing of sugar cane. Bagasse generated at the sugar mill is transferred to the furfural plant. In the first stage of the furfural process, ISL extracts a chemical from bagasse called pentosan. After the furfural plant performs the extraction, the remaining bagasse residue is transferred to the boiler as an energy source. The bagasse loses a minimal amount of its energy content from the extraction process. ISL has one boiler which generates high pressure steam for both its sugar mill and furfural process. ISL uses coal, bagasse and bagasse residue to fuel this boiler.

In its normal accounting system, ISL assigns no costs to the bagasse used to

extract pentosan and as a fuel source for the boiler. All coal costs incurred for the boiler are charged to furfural production.

During verification, we noted that the energy content of the coal charged to the furfural process exceeded the sum of the energy content of steam used in the furfural process plus the net energy loss from bagasse used in furfural production. Consequently, we found that ISL's actual reported coal costs charged to furfural exceeded the value of the bagasse and steam used in the furfural production process. We therefore consider it reasonable for ISL to assign no cost to the bagasse consumed in the furfural production process.

We believe that the circumstances surrounding ISL's bagasse sales during the POI do not reflect the operations of the Sezela mill where ISL produces the subject merchandise. The Sezela sugar mill has no bagasse customers located within its vicinity, whereas the bagasse customer of ISL's other mill is located next to that mill. Thus, unlike the Sezela mill, sales between the other ISL sugar mill and the unrelated company were economically feasible because transportation of bagasse between seller and customer was reasonably available and relatively inexpensive.

Comment 15: General and Administrative (G&A)

The petitioner maintains ISL's G&A calculation methodology is flawed for numerous reasons and urges the Department to reject it. Specifically, the petitioner maintains that ISL's G&A expense calculation methodology failed to compute G&A on a company-wide basis and included both G&A and selling expenses in the denominator.

ISL contends its reported G&A expense methodology is appropriate. The G&A expenses were based on amounts recorded in separate general ledger accounts for the chemical division G&A departments and were properly allocated to the operations receiving the benefit. However, respondent agrees that the denominator incorrectly included both G&A and selling expenses.

DOC Position

To compute G&A expenses for COP, ISL calculated a company-wide G&A rate for G&A expenses that related to the operations of the company as a whole. In addition, ISL calculated separate G&A rates for its chemical operations and the operations of its Sezela furfuryl alcohol plant. These rates excluded G&A expenses relating to the company's sugar operations (*i.e.,* non-subject merchandise).

During verification, ISL demonstrated that it normally records certain G&A expenses by product line for chemical operations (including furfuryl and furfuryl alcohol) and sugar. The company showed that it recorded these product-line expenses in specific G&A accounts maintained in its general ledger. Since ISL demonstrated that some of its G&A expenses relate exclusively to the company's non-subject sugar operation, we consider respondent's submitted G&A expense methodology reasonable.

We further note that because we are applying the G&A rate to cost of manufacturing exclusive of selling, general and administrative (SG&A) expenses, we recalculated ISL's G&A rate by excluding SG&A from the cost of sales figure used as the denominator in the calculation.

Comment 16: Decentralization Incentive

ISL claims its decentralization incentive payments were approved by and received from the South African government during fiscal year 1994. Since the revenue was recorded in its audited financial statements, ISL maintains that it appropriately included this amount in its submitted G&A rate calculation.

The petitioner argues the Department should exclude ISL's decentralization incentive revenue as the revenue relates to expenses incurred before the POI. Additionally, the petitioner argues this revenue is not linked to the sales made during the POI.

DOC Position

According to both South African and U.S. generally accepted accounting principles (GAAP), companies do not normally recognize revenue in the income statement unless they are relatively certain that the amount will be collected. In ISL's case, even though the government approved ISL's grant application in 1993, the company did not record the revenue for financial statement purposes until the money was received in 1994. We consider ISL's conservative treatment of not recording the grant revenue for financial statement purposes until the year of receipt a reasonable approach. Accordingly, we included the grant revenue in ISL's G&A calculation.

Comment 17: Overhead Expense Allocation

ISL contends that the method used to allocate overhead costs for submission purposes is the same as that applied in its normal accounting records.

The petitioner contends ISL's overhead allocation method distorts costs. According to the petitioner, ISL understated furfuryl costs by allocating an excessive amount of overhead expenses to the furfuryl alcohol process.

ISL maintains that, contrary to the petitioner's arguments, its normal overhead allocation methodology is reasonable. Moreover, ISL asserts that the method of allocation between furfuryl and furfuryl alcohol does not significantly effect the overall furfuryl alcohol costs.

DOC Position

The Department normally relies on the respondent's books and records prepared in accordance with the home country GAAP unless these accounting principles do not reasonably reflect the COP of the merchandise. ISL's reported overhead costs were based on its normal accounting books and records. We have found no evidence on the record to indicate ISL's allocation of overhead costs between furfuryl and furfuryl alcohol distorts the production costs. Accordingly, we accepted ISL's submission methodology for allocating overhead costs.

Comment 18: Steam Costs

The petitioner asserts the Department should increase ISL's steam costs by the amount suggested in the cost verification report. The respondent agrees with this adjustment to steam costs.

DOC Position

We increased ISL's reported steam cost.

Continuation of Suspension of Liquidation

In accordance with section 735(d) of the Act, we are directing the Customs Service to continue to suspend liquidation of all entries of furfuryl alcohol from South Africa, as defined in the ''Scope of Investigation'' section of this notice, that are entered, or withdrawn from warehouse, for consumption on or after December 16, 1994, the date of publication of our preliminary determination notice in the **Federal Register**.

The Customs Service shall require a cash deposit or posting of a bond on all entries equal to the estimated dumping margin, as shown below. The suspension of liquidation will remain in effect until further notice.

Producer/manufacturer/exporter	Margin percentage
Illovo Sugar Limited	15.48
All Others	15.48

ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination. The ITC will make its determination whether these imports materially injure, or threaten injury to, a U.S. industry within 45 days of the publication of this notice. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or canceled.

However, if the ITC determines that such injury does exist, we will issue an antidumping duty order directing the Customs Service officers to assess an antidumping duty on furfuryl alcohol from South Africa, that are entered, or withdrawn from warehouse, for consumption on or after the date of suspension of liquidation, equal to the amount by which the foreign market value of the merchandise exceeds the United States price.

This determination is published pursuant to section 735(d) of the Act (19 U.S.C. 1673(d)) and 19 CFR 353.20.

Dated: May 1, 1995.

Susan G. Esserman,

Assistant Secretary for Import Administration.

[FR Doc. 95–11261 Filed 5–5–95; 8:45 am]

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[A–549–812]

Final Determination of Sales at Less Than Fair Value: Furfuryl Alcohol From Thailand

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: May 8, 1995.

FOR FURTHER INFORMATION CONTACT: John Brinkmann or Greg Thompson, Office of Antidumping Investigations, Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone (202) 482–5288 or 482–2336, respectively.

Final Determination

We determine that furfuryl alcohol from Thailand is being, or is likely to be, sold in the United States at less than fair value (LTFV), as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The estimated margins are shown in the ''Suspension of Liquidation'' section of this notice.

Case History

Since the preliminary determination of sales at LTFV on December 9, 1994 (59 FR 65014, December 16, 1994), the following events have occurred.

At the request of the petitioner, QO Chemicals, the Department postponed the final determination until May 1, 1995 (59 FR 66901, December 28, 1994). Pursuant to the Department's request, on January 17, 1995, the respondent, Indo-Rama Chemicals (Thailand) Ltd. (IRCT), submitted additional information pertaining to its potential exports sales price (ESP) transactions. In addition, IRCT submitted its response to Section D of the questionnaire, which requests information on the cost of production (COP) and constructed value (CV). The petitioner commented on this response, which IRCT later supplemented pursuant to our request on February 6, 1995.

Verification of IRCT's sales and COP/CV questionnaire responses was conducted during the months of February and March, 1995. The Department issued reports concerning these verifications on March 21, 1995.

IRCT and the petitioner submitted case briefs on March 29, 1995, and rebuttal briefs on March 31, 1995. At the petitioner's request, the Department held a hearing on April 4, 1995.

Scope of Investigation

The product covered by this investigation is furfuryl alcohol ($C_4H_3OCH_2OH$). Furfuryl alcohol is a primary alcohol, and is colorless or pale yellow in appearance. It is used in the manufacture of resins and as a wetting agent and solvent for coating resins, nitrocellulose, cellulose acetate, and other soluble dyes.

The product subject to this investigation is classifiable under subheading 2932.13.00 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheading is provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

Period of Investigation

The period of investigation (POI) is December 1, 1993, through May 31, 1994.

Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute and to the Department's regulations are in reference to the provisions as they existed on December 31, 1994.

Such or Similar Comparisons

For purposes of the final determination, we have determined that furfuryl alcohol constitutes a single ''such or similar'' category of merchandise. Since the respondent sold merchandise in the home market identical to that sold in the United States during the POI, we made identical merchandise comparisons.

Fair Value Comparisons

To determine whether sales of furfuryl alcohol from Thailand to the United States were made at less than fair value, we compared the United States price (USP) to the foreign market value (FMV), as specified in the ''United States Price'' and ''Foreign Market Value'' sections of this notice. In accordance with 19 CFR 353.58 (1994), we made comparisons at the same level of trade, where possible.

United States Price

We based USP on purchase price, in accordance with section 772(b) of the Act, because the subject merchandise was sold to an unrelated purchaser before importation into the United States and because exporter's sales price methodology was not otherwise indicated (*see* Comment 2 below).

With regard to the calculation of movement expenses, we made deductions from the U.S. sales price, where appropriate, for foreign brokerage, foreign inland freight, ocean freight, and marine insurance in accordance with section 772(d)(2)(A) of the Act.

Since IRCT discounts all account receivables pertaining to its U.S. sales, we calculated U.S. credit expenses based on IRCT's average short-term interest rate. In accordance with section 772(d)(1)(B) of the Act, we added to USP the amount of the Thai import duties, not collected on material inputs, by reason of exportation of the subject merchandise to the United States.

In accordance with our standard practice, pursuant to the decision of the U.S. Court of International Trade (CIT) in *Federal-Mogul Corporation and The Torrington Company* v. *United States,* 834 F. Supp. 1391 (CIT 1993), our calculations include an adjustment to U.S. price for the consumption tax levied on comparison sales in Thailand (*See Preliminary Antidumping Duty Determination: Color Negative Photographic Paper and Chemical Components from Japan,* 59 FR 16177, 16179 (April 6, 1994), for an explanation of this methodology).